

Message Text

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PAGE 01 STATE 158047
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SS-15 TRSE-00 STR-07 LAB-04
COME-00 NSCE-00 INRE-00 ICAE-00 AID-05 CEA-01
CIAE-00 EA-10 FRB-03 INR-10 IO-13 NEA-11 NSAE-00
OPIC-03 SP-02 SIL-01 AGRE-00 OMB-01 L-03 AF-10
SSO-00 /120 R

DRAFTED BY EB/OT/STA:C H BLUM:CMS
APPROVED BY EB/OT/STA:J S SPIRO
EB/ITP - W BARRACLOUGH
E - T MINNIES
EUR/RPE - E CASEY
TREASURY - F VUKMANIC (INFO)
STR - R HEIMLICH (INFO)
LABOR - J PAPOVICH (INFO)
COMMERCE - F ABBUHL (INFO)
S/S-S - M MCLEAN (SUBS)
-----014741 212228Z /62
O 212134Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS IMMEDIATE

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USEEC

E.O. 11652: N/A

TAGS:ETRD, EEC

SUBJECT: INTERNATIONAL STEEL ARRANGEMENT

1. PLEASE DELIVER TO EC COMMISSIONER DAVIGNON THE
FOLLOWING LETTER FROM UNDER SECRETARY RICHARD N. COOPER.

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BEGIN TEXT. DEAR STEVIE:

OUR NEGOTIATORS, I UNDERSTAND, ARE CONTINUING TO HAVE
DIFFICULTY IN RESOLVING DIFFERENCES OVER A MANDATE FOR A
MULTILATERAL STEEL COMMITTEE. I HAD HOPED THAT OUR
DISCUSSION IN BRUSSELS DURING THE RECENT BILATERALS WOULD
HAVE LED TO AGREEMENT BY NOW BUT THIS HAS NOT TURNED OUT

TO BE THE CASE.

ON OUR SIDE WE ARE MOST RELUCTANT TO AGREE TO ANY PROVISION IN THE MANDATE FOR A STEEL COMMITTEE WHICH WOULD LEAD TO GREATER POLITICAL PRESSURES ON US FOR RESTRICTIVE ACTION. THIS IS WHY WE PLACED SUCH EMPHASIS ON CONSISTENCY BETWEEN COMMITMENTS UNDERTAKEN IN A STEEL COMMITTEE AND OUR OBLIGATIONS UNDER GATT. IF WE ARE PERCEIVED DOMESTICALLY AS HAVING AGREED TO THE POSSIBILITY OF ACTIONS OUTSIDE THE GATT, THE PRESSURES ON US TO MAKE USE OF THESE OURSELVES WOULD BE INTENSE. WE HAVE RESISTED AND WILL CONTINUE TO

RESIST DIFFERENTIAL APPLICATION OF GATT RULES FOR THE STEEL INDUSTRY.

I WAS, THEREFORE, MOST PLEASED ABOUT YOUR STATEMENT AT THE US-EC BILATERAL THAT THE EC'S BILATERAL AGREEMENTS WITH OTHER STEEL EXPORTING COUNTRIES DO NOT INVOLVE QUANTITATIVE RESTRICTIONS. BUT I FIND THAT THIS IS NOT A UNIVERSALLY SHARED VIEW. FOR INSTANCE, THE AUSTRALIANS ANNOUNCED PUBLICLY ON MAY 11 THAT THEY HAD NEGOTIATED MUTUALLY AGREED QUANTITATIVE LIMITATIONS ON THEIR STEEL EXPORTS TO THE EC. ALSO THE EC'S AGREEMENT WITH SOUTH AFRICA CLEARLY STATES THAT SOUTH AFRICAN EXPORTS OF STEEL PRODUCTS TO THE EC FOR 1978 WILL NOT EXCEED INDICATED MAXIMUM QUANTITIES. I WAS DISTRESSED ON LEARNING OF THIS LIMITED OFFICIAL USE

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SINCE IT CONSIDERABLY COMPLICATES THE SITUATION FOR US AND IS, I BELIEVE, AT THE HEART OF THE DIFFICULTIES OUR NEGOTIATORS ARE HAVING IN REACHING AGREEMENT IN THE OECD.

SINCE I BELIEVE ESTABLISHMENT OF A MULTILATERAL STEEL COMMITTEE IS IN OUR MUTUAL INTEREST, WE WILL CONTINUE TO WORK WITH YOU TOWARD THAT END. BUT I AM SURE YOU UNDERSTAND THAT WE CANNOT THROUGH THAT MEANS ACQUIESCE IN MEASURES WHICH AGGRAVATE OUR OWN DOMESTIC POLITICAL PROBLEMS. SINCERELY, RICHARD N. COOPER. END TEXT. VANCE

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